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**FISCAL IMPACT STATEMENT**

**LS 6993**

**BILL NUMBER:** SB 359

**NOTE PREPARED:** Feb 19, 2008

**BILL AMENDED:** Jan 28, 2008

**SUBJECT:** Enhanced 911 Systems.

**FIRST AUTHOR:** Sen. Hershman

**FIRST SPONSOR:** Rep. Battles

**BILL STATUS:** As Passed Senate

**FUNDS AFFECTED:** ☒ **GENERAL**  
☒ **DEDICATED**  
☐ **FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** *E911 Advisory Board:* This bill establishes the 17-member Enhanced 911 Advisory Board (Board). The bill provides that the Treasurer of State serves as the chair of the board. The bill also requires the Board to develop, maintain, and update an enhanced 911 state plan. This bill establishes the Enhanced 911 System Fund (Fund). The bill also provides that the Board shall administer the Fund.

*E911 Fee:* The bill requires the Board to impose a monthly enhanced 911 fee (fee) on each standard and prepaid subscriber of voice communications service in Indiana. The bill provides that for purposes of the fee, "voice communications service" means the transmission, conveyance, or routing of real time, two-way voice communications, regardless of the protocol used. The bill also provides that the amount of the initial fee is \$1. This bill provides that the Board may not raise or lower the enhanced 911 fee more than two times in a calendar year. The bill prohibits a state agency or a political subdivision from imposing any additional fee relating to the provision of enhanced 911 service. The bill also requires a voice communications service provider (provider) to collect the fee: (1) as part of its normal monthly billing process; or (2) at the point of sale, for new prepaid subscribers. The bill requires a provider to remit the fees collected to the Board for deposit into the fund not more than 60 days after the end of the calendar month in which the fees are collected. This bill allows providers to keep 2% of the fee collected as an administrative fee.

*Fee Distributions:* The bill also requires the Board to distribute money from the fund to counties containing an eligible public safety answering point (PSAP). This bill requires the Board to adopt rules to establish a distribution formula that ensures that each eligible county receives a monthly distribution that is not less than a specified base distribution (based on wireline and wireless enhanced 911 fees received by the county in the six month period beginning July 1, 2007, and ending December 31, 2007).

*Use of Fee Distributions:* The bill also specifies the permissible uses for the funds distributed to an eligible PSAP. The bill requires the Board to commission an audit of each eligible PSAP every two years. The bill also allows a county to establish an emergency telephone notification system (system). This bill provides that funds distributed to the county by the Board may be used to establish and operate the system if the expenses of operating an eligible PSAP in an adequate and efficient manner have been met.

*PSAP Requirements and Consolidation:* The bill requires a provider to provide to a PSAP the necessary subscriber data to enable the PSAP to implement and operate an enhanced 911 system. The bill also provides that proprietary information submitted to the Board or the Treasurer of State is confidential. This bill provides that after January 1, 2012, a county may not contain more than one PSAP. The bill also requires each political subdivision or agency that operates a PSAP in a county containing more than one PSAP to enter, not later than January 1, 2012, into an interlocal agreement with every other political subdivision or agency that operates a PSAP in the same county. The bill provides that the interlocal agreement must: (1) provide for the staffing and funding obligations of each county, political subdivision, or agency participating in the establishment of a county or regional PSAP; and (2) be approved by the board.

*Repealed Provisions:* This bill repeals the statutes concerning: (1) the local monthly enhanced emergency telephone system fee; (2) the statewide monthly wireless enhanced 911 fee; and (3) emergency telephone notification systems. The bill also provides for the expiration on January 1, 2012, of provisions that: (1) establish a public safety communications system and computer facilities district in a county having a consolidated city; and (2) allow certain other counties to establish a public safety communications systems district. The bill specifies that the funds remaining in the wireless emergency telephone system fund on July 1, 2008, are transferred to the Enhanced 911 System Fund.

*Grants to Upgrade the State Emergency Alert System:* The bill also allows the board to make grants to the appropriate state agencies for use in upgrading the state's emergency alert system.

*Current Fund Transfers:* The bill specifies that funds remaining in: (1) a county wireless emergency telephone system fund; or (2) a county or municipal wireline emergency telephone system fund; on July 1, 2008, are transferred to the county's new enhanced 911 system fund. This bill specifies that the funds transferred must be used first to meet any outstanding obligations incurred by the county or municipality in connection with its enhanced 911 system.

**Effective Date:** Upon passage; July 1, 2008; January 1, 2012.

**Explanation of State Expenditures:** (Revised) *E911 Fee:* This bill will cause an increase in state expenditures by repealing the 911 wireless fee exemption for the following:

- (1) The federal government or an agency of the federal government.
- (2) The state or an agency or instrumentality of the state.
- (3) A political subdivision (as defined in IC 36-1-2-13) or an agency of a political subdivision.

Please note, there is not currently an exemption for federal, state and local government from the wireline fee. The wireline fee rate, under current law, is established by local ordinance, and therefore any increase in state or local government expenditures due to the state takeover of wireline fee rates will ultimately depend upon the rate of the current wireline fees applicable to governmental entities. The total amount of the increase in state expenditures is indeterminable, and will ultimately depend upon the number of wireless, wired, and VoIP subscriptions by each state agency or instrumentality.

*E911 Advisory Board:* This bill creates the Enhanced 911 Advisory Board. The E911 Board consists of 17 members and is responsible for developing, maintaining, and updating the E911 state plan. The E911 Board is also responsible for administering the E911 Fee and the E911 System Fund. The costs of administering the E911 System Fund are paid from the Fund, and the other administrative expenses of the E911 Board will be paid from the \$0.02 of every \$1.00 of E911 Fee revenue. The bill also requires that a portion of the E911 Fee be used for costs associated with other E911 services mandated by the FCC. The bill repeals or provides an expiration for the current Wireless E911 Board and state and local 911 fees.

**Explanation of State Revenues:** (Revised) This bill imposes a \$1.00 fee for 911 services throughout the state. This fee is required to be imposed on any voice communication service subscriber within the state. The bill defines voice communications to include voice over internet protocol (VOIP), voice over power lines, and commercial mobile radio service (CMRS). The bill also repeals the authority for any other local or state fees to be imposed for 911 services.

The total amount of fee collections that will occur under the bill is indeterminable. Revenue from the new fee as established by the bill is required to be deposited in the state Enhanced 911 System Fund. The fee is also required to be collected by the voice communication service providers, who are eligible to retain \$0.014 for collection expenses. The impact on overall 911 fee revenue will ultimately be determined by the following factors: (1) The increase in wireless subscribers versus the decrease in landline subscribers as is the estimated trend based on data from the Federal Communications Commission. (2) The number of Voice over Internet Protocol (VoIP) subscribers in Indiana that will begin paying the fee under this bill. (3) The possible increase in fee revenue due to the repeal of the current wireless fee exemption for federal, state, and local governmental entities.

The bill sets forth how the E911 Board shall distribute the remaining fee revenues as shown in the table below.

Recipient	Distribution
E911 Board	\$0.020
Distributed to Counties with PSAPs based on population	\$0.688
Distributed to Counties with PSAPs equally	\$0.078
Distributed into Escrow Account for E911 costs from FCC mandates	Remainder

**Explanation of Local Expenditures:** (Revised) *E911 Fee:* This bill will cause an increase in local expenditures by repealing the 911 wireless fee exemption for the following:

- (1) The federal government or an agency of the federal government.
- (2) The state or an agency or instrumentality of the state.
- (3) A political subdivision (as defined in IC 36-1-2-13) or an agency of a political subdivision.

Please note, there is not currently an exemption for federal, state and local government from the wireline fee. The wireline fee rate, under current law, is established by local ordinance, and therefore any increase in state or local government expenditures due to the state takeover of wireline fee rates will ultimately depend upon the rate of the current wireline fees applicable to governmental entities. The total amount of the increase in

local expenditures is indeterminable, and will ultimately depend upon the number of wireless, wired, and VoIP subscriptions by each state agency or instrumentality.

This bill could also increase local expenditures for compliance with the provisions in this bill requiring interlocal agreements and between local units that operate separate PSAPs within the same county. The bill does not require these agreements until January 1, 2012; therefore, the impact may not fully be realized until the last half of FY 2012. It is also estimated that some of these costs could be offset by the estimated increase in overall 911 fee revenues.

**Explanation of Local Revenues:** The bill provides that for distributions of the new state enhanced 911 fees occurring before January 1, 2012, a county may NOT receive a distribution that is lower than the sum of the average monthly distribution received for the first six months of FY 2008 from the following:

(1) The wireless emergency enhanced 911 fee.

(2) The 911 fee imposed on landline subscribers.

For further comments on this impact see the *Explanation of State Revenues* section above.

**State Agencies Affected:** All; Treasurer of State, Department of Homeland Security.

**Local Agencies Affected:** All; Public Safety Answering Points.

**Information Sources:** [www.fcc.gov](http://www.fcc.gov); Ken Lowden, Executive Director, Indiana Enhanced Wireless 911 Board, 317-234-2507.

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